

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ISO-00 L-03 COME-00 TRSE-00 OMB-01
H-01 SS-15 NSC-05 CIAE-00 INR-07 NSAE-00 AID-05
IGA-02 OPIC-03 XMB-02 PRS-01 /064 R

DRAFTED BY EB/IFD/OIA:WGBLACK
APPROVED BY EB/IFD/OIA:MPBOERNER
AF/E:KPGARLAND (DRAFT)
AF/EPS:LWHITE (DRAFT)
L/EB:SBOND (DRAFT)
COMMERCE:JSEVER (DRAFT)
TREASURY:HSHAPIRO (DRAFT)

-----011591 230627Z /21

R 230139Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: EXPROPRIATION: DEMARCHE TO EPMG FOREIGN MINISTER

REFS: (A) STATE 169462, (B) ADDIS ABABA 4540

1. DEPARTMENT APPRECIATES EMBASSY COMMENTS ON PROSPECTS FOR MEANINGFUL NEGOTIATIONS BETWEEN COMPENSATION COMMISSION AND AMERICAN INVESTORS AS RESULT OF APPOINTMENTS ARRANGED BY EMBASSY. GIVEN LENGTH OF TIME WITHOUT SIGNIFICANT PROGRESS TOWARDS COMPENSATION, HOWEVER, SPECIFIC POSITIVE ACTION IS REQUIRED IF WE ARE TO AVOID IMPOSITION OF SANCTIONS UNDER APPLICABLE LEGISLATION. WE BELIEVE THAT IT MAY BE POSSIBLE TO ACHIEVE THIS THROUGH DEMARCHE TO LIMITED OFFICIAL USE

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FOREIGN MINISTER AS SUGGESTED REF B.

2. DEMARCHE SHOULD POINT OUT THE U.S. LEGISLATIVE REQUIREMENTS AND EMPHASIZE SERIOUSNESS OF SITUATION. IT SHOULD ALSO BE USED TO INDICATE THAT OPENING OF MEANINGFUL NEGOTIATIONS WITH AFFECTED U.S. INVESTORS WOULD SERVE TO REAFFIRM THE EPMG'S INTENTION TO COMPENSATE AND THAT SUCH

MEETINGS WOULD BE USEFUL IN TERMS OF COMPLIANCE WITH LEGISLATIVE REQUIREMENTS IN HICKENLOOPER, GONZALEZ AND TITLE V OF THE TRADE ACT. YOU SHOULD ALSO INDICATE THAT AXUM AIR AND MILLE FARMS/ETHIO GUM WOULD BE WILLING TO

BEGIN NEGOTIATIONS IMMEDIATELY AND NOTE EMBASSY WILLINGNESS TO ASSIST IN ANY APPROPRIATE FASHION TO ARRANGE MEETINGS FOR THIS PURPOSE.

3. YOU MAY USE FOLLOWING TALKING POINTS IN DEMARCHE:

-- THE UNITED STATES GOVERNMENT RECOGNIZES THE RIGHT OF GOVERNMENTS, IN ABSENCE OF UNDERTAKINGS TO THE CONTRARY, TO NATIONALIZE OR OTHERWISE TAKE PROPERTY OF FOREIGN INVESTORS, PROVIDED THAT PROMPT ADEQUATE, AND EFFECTIVE COMPENSATION IS PAID FOR PROPERTY TAKEN.

-- CERTAIN U.S. LEGISLATION REQUIRES THAT, IN THE ABSENCE OF APPROPRIATE STEPS TO PROVIDE SUCH COMPENSATION, THE USG WILL SUSPEND BILATERAL ASSISTANCE (HICKENLOOPER), OPPOSE LOANS IN IFI'S (GONZALEZ) AND SUSPEND OR WITHDRAW ELIGIBILITY FOR GSP (TRADE ACT, TITLE V).

-- IN LIGHT OF THE LONG PERIOD OF TIME DURING WHICH LITTLE PROGRESS HAS BEEN MADE TOWARD SETTLEMENT OF AMERICAN CLAIMS, IT IS EXTREMELY DIFFICULT TO FIND THAT EPMG ACTIONS CON-

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STITUTE "APPROPRIATE STEPS" TOWARD COMPENSATION AS REQUIRED BY THE APPLICABLE U.S. LEGISLATION.

--IF THE RELEVANT LEGISLATIVE SANCTIONS ARE NOT TO BE INVOKED, IT IS NECESSARY THAT THE EPMG TAKE SPECIFIC, POSITIVE STEPS TOWARD PROVIDING COMPENSATION IN THE NEAR FUTURE. ONE SUCH STEP MIGHT BE TO ARRANGE MEETINGS WITH ONE OR MORE OF THE Affected U.S. INVESTORS AIMED AT MEANINGFUL NEGOTIATION OF A MUTUALLY ACCEPTABLE SETTLEMENT. SUCH A STEP WOULD PROVIDE USEFUL EVIDENCE OF THE EPMG'S WILLINGNESS TO PROVIDE COMPENSATION.

-- TWO Affected INVESTORS, AXUM AIR AND MILLE FARMS/ETHIO GUM, HAVE INDICATED TO US THAT THEY ARE WILLING TO BEGIN NEGOTIATIONS OF THEIR CLAIMS AT ANY TIME, AND WE WOULD BE PLEASED TO ASSIST IN ANY APPROPRIATE WAY TO ARRANGE MEETINGS FOR THIS PURPOSE.

4. NEXT MEETING OF INTERAGENCY EXPROPRIATION GROUP IS SCHEDULED FOR SEPTEMBER 1, AT WHICH TIME STATUS OF CLAIMS AGAINST EPMG WILL BE REVIEWED. CHRISTOPHER

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Disposition Approved on Date:
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